

The Nascent Entrepreneur at the Crossroads: Entrepreneurial Motives as Determinants for Different Types of Entrepreneurs

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Abstract

In this paper, we integrate various determinants influencing the entrepreneurial decision in a theoretical model. As a result of a variety of specific factors, certain entrepreneurial individuals tend to start, build and manage businesses in a manner that reflects their particular personality traits, human capital resources and prior experience gained within a particular local environment. According to a wide range of attributes, different entrepreneurs follow different motives to become self-employed. Four major drivers can be distinguished on the basis of a range of empirical studies: i) self-realisation and independency, ii) enhanced status and income; iii) economic contribution and impact, iv) upholding tradition and securing income. Based on these motives, we employ the model and sketch out four types of entrepreneur profiles. Finally, the factors determining entrepreneurial motives and the entrepreneurial type clearly indicate a strong influence on the type of the business started.

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Keywords: Entrepreneurship, entrepreneurial motive, human capital, entrepreneurial intention

1. Introduction

There is a variety of empirical studies focussing on the role of the entrepreneur and the factors influencing individuals to participate in entrepreneurship. There is evidence about the impact of personal characteristics, prior experience, and human and social capital. A great number of empirical studies identify certain individual characteristics, traits and abilities among nascent entrepreneurs that are seen as having a key influence on the decision to become self-employed (Davidsson/Honig 2003; Delmar/Davidsson 2000; Douglas/Shepherd 2002; Parker 2004, Shepherd/DeTienne 2005; Kolvereid/Isaksen 2007). Yet, the question remains unanswered as to whether certain nascent entrepreneurs tend to start and manage businesses in a manner that reflects their particular personality traits, human capital resources and prior experience gained within a particular local environment.

In this conceptual paper, we draw on a number of previous theoretical studies to provide an analysis of such primary determinants and their corresponding effects, in an effort to map traits and characteristics of greatest relevance to start-up decision-making in the context of the entrepreneurial personality. The socio-demographic traits, characteristics, human capital resources and attitudes towards entrepreneurship identified manifest themselves in varying degrees, further influencing the type and structure of the new business established. This approach allows the sketching of entrepreneurial personality types generally associated with certain types of businesses. The start-up decision is thus seen as the product of motives and intentions that vary according to individual entrepreneurial traits and abilities.

The paper complements recent works by combining different individual factors which form attitudes towards self-employment in an entrepreneurial decision model. We conceptualize the impact of different individual determinants on self-employment. No single determinant can fully account for all aspects of the entrepreneurial decision, an integrated approach takes account of several different considerations. We conclude that different entrepreneurial motives follow different intensities of these factors. From the established literature, four main entrepreneurial motives can be established. We integrate these four major drivers of entrepreneurship into the decision model by assigning determinants to motives and use this framework to explain the orientation and type of new businesses established.

The remainder of the paper is structured as followed. The second part reviews the literature on individual factors having impact on the start-up decision and the type of entrepreneurs and synthesizes the different factors in a start-up decision model. The third section selects the four entrepreneurial motives and therefore four types of entrepreneurs. Section four of the paper is devoted to integration, in which an attempt is made to categorise entrepreneurial personality types in terms of the respective motives identified; recognising four distinct types reflected in the type of new venture established. Section five provides an overview and conclusion.

The value added of this typology lies in the insights provided into the needs and motives of entrepreneurial individuals. This can contribute to a better understanding of entrepreneurial psychology in a manner potentially valuable to efforts to structure and design entrepreneurial management courses and training seminars.

2. Individual characteristics and attitudes towards entrepreneurship

A great number of previous studies have been conducted on individual characteristics of business founders. Some of the most popular factors for the decision to enter self-employment are parental occupation, gender, education, human capital and work experience, and psychological profile (Delmar/Davidsson 2000). Research on family background of entrepreneurs suggests a relationship with the emergence of entrepreneurs. Empirical evidence for the connection between the parental role model and preference for self-employment career has been reported in various studies (Scott/Twomey 1988; Scherer et al. 1989; Dunn/Holtz-Eakin 2000; Parker 2004). Research on female business starters shows a substantial overrepresentation of males among business founders in most countries (de Wit/van Winden 1989; Davidsson 1995; Matthews/Moser 1995, Reynolds et al. 2004). Scherer et al (1990) refer to studies which have established that women have lower perceptions of self-efficacy for careers in which they are underrepresented.

Psychological profiles are the most used in entrepreneurship research. The trait approach is an attempt to explain key personality factors and their relationship to nascent entrepreneurship.

Personality traits

Many previous attempts have been made to assign particular personality traits to entrepreneurs in order to arrive at a distinct psychological profile. Numerous studies have been devoted to identifying common personality traits shared by individuals who start up businesses, which differentiate them from other types of individuals (Brockhaus 1982; Hull et al. 1980, Hornaday/Aboud 1971; Begley 1995; Stewart et al. 1998). Employing the results of different studies, a set consisting of the five personality traits has been established “*that invariably is at the forefront of discussions of entrepreneurial profiles*” (Vecchio 2003, 307). This set of traits, “*the hallmarks of entrepreneurial personality*”, is consisting of *need for achievement, risk-taking propensity, locus of control, need for autonomy and self-efficacy*.

Empirical studies of personality traits refer to McClelland’s (1961; 1965) analyses on *need for achievement* as certain personality characteristic of entrepreneurs (Hornaday/Aboud 1971; Begly/Boyd 1987; Shaver/Scott 1991). Individuals with a high need for achievement will tend towards independence in their careers, as they prefer to take on responsibility themselves for solving their own problems, and immediately reaping the rewards of their successful efforts; in general contrast to a dependent employee relationship. Numerous subsequent studies have examined and largely confirmed this theory, often seeing a connection with the subsequent growth of a start-up business (Begly/Boyd 1987; Carsrud/Olm 1986; Komives 1972; Miner 1997). Other studies have arrived at conflicting conclusions however, finding for example that the relevant personality traits are shared by other groups of individuals, such as managers (Huuskonen 1993; Brockhaus/Horwitz 1986; Brockhaus 1982). Nevertheless, Shaver and Scott (1991) consider *need for achievement* the only variable whose association with starting a new venture is convincing.

Also almost consistently evident for entrepreneurs is the trait of *internal locus of control* (Hull et al. 1980). Persons with this trait indicate a tendency in their professional life to emphasise their own will, ability and actions; and to follow their own inclinations in managing tasks. These individuals are able to act autonomously under their own supervision, and take the initiative to instigate change

whenever they feel their interests are no longer being properly represented. This type of disposition is closely related with the trait of *self-efficacy*. Results indicate, albeit tentatively, that these traits are more common among entrepreneurs than among employees (Furnham 1986; Bonnet/Furnham 1991). Individuals displaying a high propensity towards self-efficacy are confident in their own ability to act as an entrepreneur and are more inclined to entrepreneurial activity than others (Boyd/Vozikis 1994; Scherer et al. 1989). High *self-efficacy* individuals will tend to see more opportunities than risks in certain situations, feeling capable of overcoming hurdles and difficulties; and will anticipate or positive outcomes. Individuals with a less developed sense of self-efficacy will tend to be more aware of costs and risks. A comparative study of this trait indicated that individuals who start their own company demonstrably display more entrepreneurial self-efficacy than individuals who remain in an employee relationship (Chen et al. 1998).

Risk-taking propensity has also been analysed in several different studies (Brockhaus 1982; 1980; Liles 1974; Masters/Meier 1988). The results of which are varied and contradictory, but allow the explanation that a middle degree of this trait appears most favourable. Risk aversion and high risk-taking propensity are both counterproductive for starting a business. The last trait is need for autonomy, which is frequently seen as being connected with entrepreneurial motivation as a desire for independence and self-determination (Harrell/Alpert 1979). This view is based on the assumption that personal risk-taking and entrepreneurial initiative are rather suppressed at larger companies and major corporations. Empirical studies on this trait have thus far not been conducted (Vecchio 2003).

As a result, all attempts to couple these factors with entrepreneurs have mixed results (Gartner 1988). The lack of consistent findings can be traced back to methodological, conceptual and theoretical differences among the studies characterizing the perspective (Delmar/Davidsson 2000; Shane et al. 2003). Also, there is no evident causality between traits and entrepreneurship; it is unclear whether such traits are the cause or the effect of entrepreneurial activity (Brockhaus 1982). Studies employing the *trait approach* always involve ex post situations, such that the entrepreneur is being examined after having launched a venture. Thus it inherently assumes that all characteristics, attitudes and views of the entrepreneur are not influenced by any experiences he or she had in connection with starting up a company. This assumption does not hold, as individuals only rarely exhibit behaviour that is always consistent over time and in different situations (Gartner 1989). It also ignores the insights of behavioural science, as personality profile attributes represent static variables. It is thus not possible to create an entrepreneurial profile based solely on character traits without factoring in situational considerations (Davidsson 1995; Gartner 1988).

Most entrepreneurial activity takes place in a situational context in reaction to signals or stimuli in relation to entrepreneurial activities, which some people respond more strongly to than others (Shane/Venkataraman 2001). To obtain a more accurate profile of the entrepreneur, individual circumstances must be taken into account. Psychological research has been moving away from focusing on general personality traits and moving more towards cognitive and situational approaches (Davidsson 1995). In addition, if one also considers that personality traits represent personal resources that can be deliberately deployed as qualifications and can be incorporated into business processes; then human capital theory is of equal relevance.

Human capital

The situational character of start-up decisions is increasingly being emphasised within this body of theory originally conceived as a sub-discipline of neoclassical economics. From this perspective, an individual's ability to start a company is not decisive, but rather the commercial potential of that individual's human capital resources with respect to various career alternatives (Becker 1964, 1976; Mincer 1974; Schultz 1960). Although this theory is primarily concerned with the human capital resources of non-independent employees; studies have revealed its transferability and applicability to the field of entrepreneurship research. Adopting this approach with regard to entrepreneurs and the decision to start a company, human capital components take on a central role. Preisendörfer and Voss (1990) distinguish between two forms of human capital relevant to the entrepreneur: relevant industry experience and entrepreneurial experience. Industry-specific human capital is required due to the critical importance of product, service and market-relevant knowledge; and an ability to gauge market potential for building up a company and its business products. Also, entrepreneurs with experience in the same industry as their current venture will have a more mature network of industry contacts. Prior entrepreneurial experience is one of the most consistent predictors of future entrepreneurial performance (Singer 1995). It has to do with decision-making in the face of unknown risk potential, with leading employees and with cultivating relationships with suppliers, customers and business partners. Experienced entrepreneurs are more likely to avoid mistakes than entrepreneurs with no prior entrepreneurial experience.

Empirical studies show a clear relationship between (higher) education, industry experience or background and entrepreneurial success (Schmidt-Rodermund/Silbereisen 1999; Brandstätter 1999; Brüderl et al. 1998). The general significance of qualifications and experience clearly shows a positive relationship between the duration of professional education/training of the founder and the probability of starting a company. Hinz (1998) concludes that individuals with a graduate degree are more inclined towards entrepreneurship and likely to start a company, although the relationship is not linear. Entrepreneurs tend to be individuals with a more hands-on educational background (vocational school, technical college, etc.) than an academic background. Empirical studies have not conclusively shown whether having a university degree increases the prospect of success of an entrepreneurial venture (Brüderl et al. 1998). There is no doubt however as to the positive impact of industry experience; or inversely, of the negative impact of an entrepreneur having a little or no industry experience. Looking at entrepreneurship from the standpoint of human capital shows that prior (industry and entrepreneurial) experience increases both the likelihood of starting a new venture and the prospects for the success of such a venture. Brüderl et al. (1998) characterise the profile of a potentially successful entrepreneurial individual thus: *“Knowledge of and experience in the industry in which the start-up company is to operate, prior experience as an independent business person, preferably in the same industry as the start-up company; entrepreneurial/independent parents; solid business management competency”*.

Whereas approaches based on personality traits are unable to adequately explain the reasons behind entrepreneurial activity; human capital theory provides substantially more insight. This is because a particular constellation of higher education, entrepreneurial experience and industry knowledge

does not necessarily have to lead to entrepreneurship in the sense of a predisposition. Rather, seen from this perspective, the individual consciously assesses his or her human capital resources as to their potential for a positive financial impact if applied in an entrepreneurial scenario. The decision to enter self-employment is thus the result of a conscious decision taking into account one's competencies and experience, rather than of certain fixed propensities or character traits.

Models of entrepreneurial intentions

Intention models, such as the *theory of planned behaviour* outlined by Ajzen (1991), or Shapero's *model of the entrepreneurial event* (1984) are of particular interest in tracing the path leading up to new ventures. These approaches look at the time prior to start-up, in an attempt to explain the individual's decision to launch an entrepreneurial venture. They are proven to be a good predictor of planned behaviour, in particular when that behaviour is rare, hard to observe, or involves unpredictable time lags. Intentionality is typical of emerging organisations although the timing of the launch of a new business might relatively unplanned, such as when a sudden new opportunity surfaces (Krueger et al. 2000; Bird 1988). Entrepreneurial behaviour is often only weakly predicted by attitudes alone or by exogenous factors that are either situational or individual (demographic characteristics or personality traits)

We assume that much of entrepreneurial behaviour is planned; becoming a nascent entrepreneur and setting up a new venture is not just as a response to a situational stimulus. In particular, career decisions (as also seen with the human capital theory), are planned in nature and not responses to stimuli. They reflect a process in which beliefs, attitudes, and intentions evolve as we cognitively process our knowledge beliefs, and experiences. Entrepreneurial careers fit this pattern (Davidsson 1995).

Ajzen's *theory of planned behaviour* (TPB) explains entrepreneurial behaviour by assigning key importance to the manner in which entrepreneurial intentions arise. Derived originally from the *theory of reasoned action*, this theory postulates two primary elements involved in the formation of intentions. Ajzen argues that TPB has three crucial antecedents of intentions. Two of them reflect the perceived desirability of performing the behaviour: *attitude towards behaviour* and *perceived social norms*. The third element, *perceived behavioural control*, reflects the perceived feasibility of performing the behaviour and is related to perceptions of self-efficacy.

- The element *attitude towards behaviour* is based on the anticipated utility and perceived value of future actions. Actions with high anticipated utility are perceived as favourable. A wide range of personality traits abilities strongly influences anticipated utility, thus influencing the attitude towards behaviour.
- The second element *perceived social norms* has to do with attitudes deriving from what important people in a person's live think about performing a particular behaviour, explaining perceived social pressure to act or refrain from acting in a particular manner. Social norms arise from the attitudes of key individuals with an influence on the person in question, concerning the action being considered - such as willingness to actively support an entrepreneurial venture. The presence of role models in the microsocial environment who have an effect on perceived norms is also relevant. Although various studies have proven that entrepreneurial role models have only a

minor direct influence on entrepreneurial activity (Carsrud et al. 1987; Scott and Twomey 1988), the subjective indirect influence of role models on attitudes and views should not be underestimated (Krueger 1993; Scherer et al. 1989). It is here where dispositional traits - in particular internal locus of control - come into play; as subjective norms play a much smaller role in influencing actions given a strong internal locus of control (Ajzen 1987).

- The third element is *perceived behavioural control*, which represents the amount of control perceived over actions to be performed. The element overlaps with Bandura's (1986) view on self-efficacy, the perceived ability to execute a focussed behaviour (Ajzen 1987). Here the focus is on subjective expectations or assessments as to the potential for successfully meeting the requirements upon which a given action is predicated. Like experience and abilities, human capital resources and perceived difficulties can positively or negatively influence perceived behavioural control (Ajzen 1987; Krueger 1993).

The model illustrates that the two components *attitude towards behaviour* and *subjective norms* only influence intentions; while the component *perceived behavioral control* has a direct impact on action (Ajzen 1991; Autio et al. 2001). Empirical studies have proven that action is only taken when the individual has both control and awareness of whether he or she is able to perform the action. In relation to the viability of starting a new venture, taking action is a question of perceived opportunities and availability of resources.

In contrast to Ajzen's work, Shapero's *model on the entrepreneurial event* focuses directly on entrepreneurial activity (Shapero/Sokol 1982). Here, intentions and attitudes also play a key role in the decision to launch an entrepreneurial business. The model assumes that inertia guides human behaviour. Inertia may be interrupted by a displacement. Displacement is often negative (for example job loss or job dissatisfaction), but can also be positive (for example winning the lottery, getting an inheritance). This displacement causes a change in behaviour where the person seeks the best opportunity available from a set of alternatives (Katz 1992). This choice depends on the relative credibility of alternative behaviours plus some propensity to act. Credibility needs a behaviour which is desirable and feasible (Krueger et al. 2000). Thus, intentions to start a business derive from perceptions of desirability and feasibility and from a propensity to act upon opportunities. According to him, *perceived desirability* is defined as the personal attractiveness of starting a business, including both intrapersonal and extrapersonal impact. *Perceived feasibility* represents the degree to which a person feels capable of starting a business. Both elements depend largely on the prior experience of the individual with regard to entrepreneurial activity. This information is typically gathered in empirical studies by asking whether the respondent or his or her parents or friends have been engaged in entrepreneurial businesses, and about that person's attitudes towards entrepreneurship. *Propensity to act* is conceptualised as the personal disposition to act on one's decisions, thus reflecting the volition of intentions.

One criticism of these models is that since they only consider the time until the intentions to become a nascent entrepreneur is set; one can have great potential for entrepreneurial activity without corresponding intentions. Many entrepreneurs had little intention of starting a business only a few years before (Katz 1992). To account for this phenomenon, Shapero's model provides the volition of intentions, the propensity to act.

Though neither of these approaches lays claim to providing a full explanation; when applied in combination, they do render a better understanding of entrepreneurial behaviour, as seen in several empirical studies where both models were used in combination and expanded upon. *Intentions* models have been modified and tested by a number of researchers since the 1990s (Bird 1993; Davidsson 1995; Kolvereid 1996; Reitan 1996; Autio et al. 1997; Autio et al. 2001; Krueger et al. 2000; Peterman/Kennedy 2003), revealing a significant relationship between an individual's attitudes formed on the basis of experience and socio-demographic factors and an explicit intention to start a business. These empirical studies have concluded that entrepreneurial potential is assessed on the basis of the three primary questions:

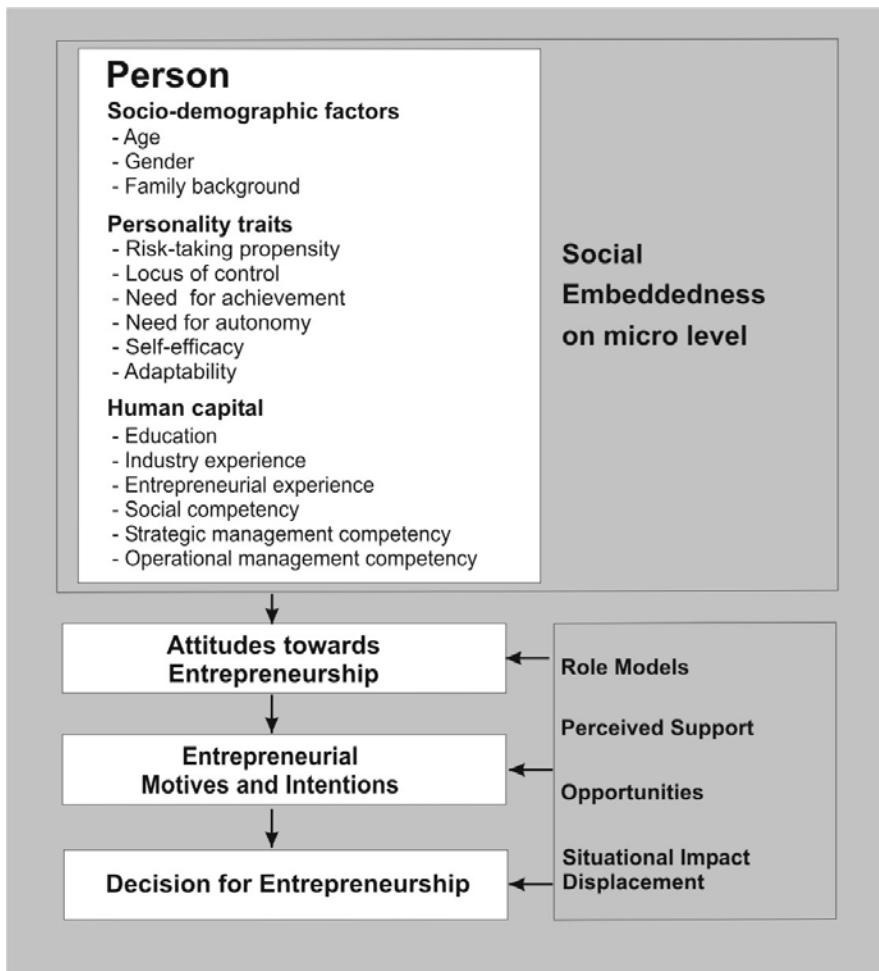
- 1) Can I make it?
- 2) Will I make it?
- 3) Will others approve of it?

Synthesising an integrative model of determinants for the entrepreneurial decision

The approaches presented here were selected on the basis of their particular relevance to the analysis of entrepreneurial individuals and their micro social environments. Based upon the theories and empirical evidence outlined, it can be stated that certain socio-demographic factors, personality traits, human capital, and dispositions have a positive impact on the attitudes towards entrepreneurship. According to a wide range of characteristics and attitudes, it is stated that different entrepreneurs may possess different characteristics and attitudes, and thus follow different entrepreneurial motives. As a consequence, several different entrepreneurial types do exist, displaying different degrees of intensity of the set of characteristics and attitudes which makes a nascent entrepreneur (Vesper 1980, Gartner 1988, Carland et al. 1984). Finally, the entrepreneurial type guides the type of business established. It shows, for example, that post-secondary education is fundamental for a certain type of business while it is of less importance to another.

The diagram below provides an overview of the relevant determinants shaping attitudes towards entrepreneurship which have impact on the motive to become an entrepreneur (Fig. 1).

Fig. 1: Determinants on the entrepreneurial decision



Source. Adopted from Wagner (2006).

Although no single determinant presented can fully account for all aspects of the entrepreneurial decision and the specific motivation behind it; the integrated approach represented above takes account of several different considerations, thus offering a useful framework for identifying a variety of determinants on the entrepreneurial decision.

3. Entrepreneurial motives

From all the determinants such as individual personality traits and abilities, we find a wide range of attitudes towards entrepreneurship; out of which entrepreneurial intentions and motives develop. Based on different entrepreneurial motives, very different entrepreneurial types do exist, displaying different degrees of intensity of the set of characteristics and attitudes which makes a nascent entrepreneur.

Much of the literature has been devoted to identifying and describing these entrepreneurial drivers and why individuals plan to become entrepreneurs. From an economics perspective, it is argued that an individual will choose to become self-employed if the expected life-time utility from self-employment is greater than the life-time utility from dependent employment. Entrepreneurs can be defined as persons who are creative in finding ways to add their own wealth, power, and prestige.

According to Baumol (1990), individuals choose to be entrepreneurs when or because their utility (from wealth, power, and prestige) is maximized by doing so.

There is evidence that non-monetary reasons for being self-employed play a much greater role than monetary aspects and there is doubt on the suggestion that people mainly choose self-employment as a means of gaining higher income than they could attain as employees (Douglas/Shepherd 2002; Parker 2004).

Based on a great number of various empirical studies (on reasons for entrepreneurship and on entrepreneurial typologies), four major entrepreneurial drivers or motives can be distinguished (Schumpeter 1952; Parker 2004; Lafuente and Salas 1989; Frank et al. 1999; Freiling 2006, Douglas/Shepherd 2002):

- a) self-realisation and independency,
- b) enhanced status and income;
- c) economic contribution and impact,
- d) upholding tradition and securing income.

Schumpeter (1952) was one of the first to identify these entrepreneurial motives as major drivers to characterise entrepreneurial types. One family of motives involves the joy of creating something new and of self-realisation. Here, the main motivating force behind starting a business is the fulfilment of needs in terms of to self-esteem and the realisation of one's own ideas. Also recent studies bear out the importance of independence, the single most important reason for entrepreneurship (Parker 2004).

The second motive, enhanced status and income is the desire for heightened prestige, status, increased income and/or the fulfilment of certain needs. It is the desire to establish one's "own empire".

The third motive has to do with a 'will to win'. A fighting spirit and desire for success are major drivers for becoming self-employed. These are bound up with an interest in having an influence on society and offering opportunities to people to improve their quality of life and achieve greater prosperity. This motive is principally characterised by a growth orientation.

The fourth motive is of preserving structures and upholding or continuing certain traditions, often manifest in the continuation of family businesses over several generations. Also belonging to this family of motives are considerations of security in the form of income. It is also the nature of occupation, in a way reflecting the fact that self-employment is the only mode of employment in some locations or occupations (e.g. forestry) (Parker 2004).

4. Integration and categorisation of entrepreneurial types

Employing the model of the determinants on entrepreneurial decisions, varying degrees of individual traits and abilities are determined along the lines of the entrepreneurial motives outlined above. It is then possible to distinguish and describe the four types of entrepreneurial personality, representing entrepreneur profiles with differing motives that ultimately influence the type and orientation of the business founded.

Fig. 2: *Entrepreneurial types and motives*

Entrepreneurial types	Traditionalist	Growth entrepreneur	Lifestyle entrepreneur	Status entrepreneur
<i>Motives</i>	Secure income	Economic significance	Self-realisation	Enhanced status and income
<i>Entrepreneurial risk</i>	Can be estimated	Cannot be estimated	Can be estimated	Determinable

These entrepreneurial types are individually described in the following sections, with the examples provided applying the start-up decision model in the interests of refining our stereotypical understanding of the entrepreneur.

4.1 Traditionalist

The socio-demographic profile of the traditionalist describes individuals with several years of previous professional and industry experience. These individuals are generally involved in established fields of business, benefiting from a wealth of pre-existing industry know-how where the marketplace ‘rules of the game’ are - to a large extent - known. Given such a background of experience prior to becoming self-employed, the typical traditionalist is older than 30 years of age, has strong local ties and strong family role models.

Traditionalists tend to exhibit little risk-taking propensity, thus they are typically encountered in the context of an established business within a stable environment. Success results from external factors (the economy, luck, good timing), while failures are attributable to internal factors (lack of ability). Traditionalists believe that there is a causal relationship between one’s own hard work and success, thus informing their willingness to work more than the average. The need for autonomy is less prominent among traditionalists, who are typically ‘slaves’ to their customers and other reference groups, such as family, business associates, suppliers, lenders, etc. Nor do they exhibit above-average self-efficacy. As traditionalists invariably take over an existing company, going independent is not a direct expression of a desire for entrepreneurial self-efficacy. Adaptability is an underdeveloped characteristic among traditionalists; as they generally operate within a stable local environment, thus being confronted with major changes only rarely.

The typical traditionalist has completed vocational training, perhaps even to an advanced level. Academic study per se is a secondary consideration. Traditionalists often have a large amount of industry-specific experience they can fall back on in lieu of only minor entrepreneurial experience; emulating behavioural patterns of their former boss or parents, for example. Communicative

situations with customers and employees require a certain amount of social competency as a pre-requisite ability in order to ensure the survival of the enterprise. Because traditionalists are not fundamentally growth-oriented; their strategic managerial efforts are restricted to preserving the status quo and maintaining a going concern. Operational managerial competency is very important for traditionalists, as they are largely responsible for business operations and the success of the company. In certain industries, such as construction, manufacturing and hospitality, the generally low level of employee skills generally means an increased managerial burden for the entrepreneur.

Traditionalist entrepreneurial types are frequently encountered in the trades such as carpentry, plumbing, painting, electrical work, the restaurant business, car repairs, etc. that are continued within the family for successive generations. However, some entrepreneurs who start a new business may still be classified as traditionalists to the extent they deal with existing products and markets, and securing income is the predominant entrepreneurial motive.

4.2 Growth entrepreneur

Growth entrepreneurs, in contrast to traditionalists, generally do not have strong local ties; having instead an international orientation and are independent of family ties. This group is predominantly made up of males, who may have had initial entrepreneurial successes as young adults.

This group exhibits a sharply pronounced risk-taking propensity, with a tendency to see more opportunities than risks. Successes are attributed to proper strategy and decision-making at the right moment. Failures are attributed squarely to internal factors (lack of effort, improper methods, inadequate work techniques). Growth entrepreneurs also show an above-average work commitment, with a clear distinction however between what constitutes creativity and hard work, respectively. The growth entrepreneur is game for anything, as long as it furthers his vision for the company. Growth entrepreneurs do not have a pronounced need for autonomy, as they are active within a highly dynamic environment; they must be able to innovate, and are compelled to be stakeholder-oriented as a result of being growth and internationally-oriented. Accordingly, growth entrepreneurs exhibit high self-efficacy, as they believe in their own abilities and relish playing the role of the entrepreneur, capitalising on opportunities as they present themselves. Adaptability is a very important trait for growth entrepreneurs, as they tend to operate in international growth markets, offering innovative solutions. An ability to constantly adapt is a prerequisite for success for this type of entrepreneur.

Growth entrepreneurs neither need any specific educational background or industry experience within their personal portfolio of human capital resources, as they focus on selling solutions to the latest technical, social, business and organisational problems across a wide spectrum of industries; so that having too much experience could actually thwart innovation. Entrepreneurial experience however is of central importance, and is ultimately key to the eventual success or failure of the enterprise. Growth entrepreneurs obtain the professional and industry know-how they require by recruiting the right personnel. Social competency is also important for growth entrepreneurs, though not crucially important to the effectiveness of the business model employed; as other individuals with these skills may be brought on board. Strategic managerial competency is of fundamental importance for growth entrepreneurs, and is crucially important to the effectiveness of the business

model. Operational management expertise on the other hand is largely irrelevant to growth entrepreneurs; as a rapidly growing organisation means that an entire team of managers is on hand at all levels to handle operational issues. The managerial role of the entrepreneur is thus chiefly indirect.

A business founded by a typical growth entrepreneur thus obtains economic and social significance over the short to medium term, a number of examples being found currently among software makers, capital goods manufacturers, large major financial service providers and major biotechnology companies.

4.3 Lifestyle entrepreneur

Lifestyle entrepreneurs tend to live and work in an urban milieu, as this setting is most favourable for their self-realisation, due to the wide array of offers and opportunities typically available. Family and upbringing are largely irrelevant, but may come into play significantly where customer acquisition is concerned. Lifestyle entrepreneurs are found in all age groups, as a need for self-realisation may manifest itself early on for some individuals with the financial means to otherwise meet their needs. This type of entrepreneur typically appears when securing income is not of primary importance.

Lifestyle entrepreneurs are willing to accept certain unavoidable risks critical to the mission of financing their personal lifestyle, but are otherwise risk-averse when required to assume risks on behalf of others. Successes are attributed to both internal factors, such as creativity, autonomy, communicational style, etc; as well as external factors (luck, chance). Failures tend to be attributed to external factors (divergent values and norms constituting different perceptions of lifestyle). Achievement tends to be measured qualitatively. When a lifestyle entrepreneur has a good idea, there is not necessarily an equivalent number of working hours. Accordingly, the commitment to 'hard work' extends only to what is necessary to fund one's own lifestyle. Lifestyle entrepreneurs exhibit a very high need for autonomy, and can thus be considered as hedonists, in a certain sense. The freedom to decide on own working hours and determine what type of commercial product or service offered is of central importance. Self-efficacy on the other hand is less relevant. The most important thing appears to be other people's perception of the individual as an entrepreneur and the recognition they receive in connection with this role. Lifestyle entrepreneurs are adaptable, as they operate in attractive markets generally oriented around innovative solutions.

In terms of human capital resources, university study is not a salient characteristic of the lifestyle entrepreneurs, who often get by with a vocational degree with some form of continuing education or a particular specialisation. Nor is industry experience of great importance, as these individuals usually deal in cutting-edge products and/or services. A certain amount of industry-specific know-how can be useful however. An entrepreneurial background is also a secondary concern. Business success often depends upon the individual's own abilities or his or her personal network. The lifestyle entrepreneur may or may not need social competency skills. While these may be completely unimportant for his or her professional and creative work; they may prove highly important with regard to business partnerships and customer acquisition. Strategic managerial competency is of some importance in the early stages for lifestyle entrepreneurs, due to the

necessary focus on innovative products and attractive markets. This ability becomes less important later on, as lifestyle entrepreneurs are generally not growth-oriented. The goal of offering pioneering solutions and attractive markets requires attracting more highly-qualified employees able to achieve success for the company by way of management-by-objectives, for example. Direct management thus becomes restricted to certain situations, such as meetings, project controlling and implementing resolutions.

Artists, solo performers, comedians, photographers, freelance journalists, smaller advertising agencies, designers and management consultants typically fall into this category of entrepreneur.

4.4 Status entrepreneur

Status entrepreneurs primarily operate in local markets. In certain industries, these individuals are predominantly male, and family background is not very relevant to the start-up decision. Family relations may however play a key role with respect to the reputation and profile of the company established, in terms of both potential clients and the personal qualities of the entrepreneur. Status entrepreneurs are generally somewhat older, as a certain element of seniority is important for credibility and acceptance in the marketplace.

Status entrepreneurs exhibit a low risk-taking propensity. A potential for short-term demand must be clearly discernible. Accordingly, status entrepreneurs show a limited willingness to assume risks on behalf of others. The *locus of control* of status entrepreneurs is such that successes are typically attributed to one's own abilities. Failures are more often attributed to external factors (bad luck, misfortune). Because of their many years of industry experience, status entrepreneurs are accustomed to working long hours, but only until they have achieved business success commensurate with their financial goals, after which point working hours decline. Status entrepreneurs have a pronounced need for autonomy with regard to the internal authoritative positions. They are very adaptable in their responsibilities to clients, to whom they are devoted, first and foremost. Self-efficacy on the other hand is not relevant to this group, as status entrepreneurs do not engage in entrepreneurial activity per se; and offer instead services which are often being or restricted by or impacted on by regulations. Therefore, adaptability for the most part concerns adapting to new or changed regulations.

In terms of education, status entrepreneurs need to show university credentials, combined in many cases with state or industry association certification. Holding these educational credentials and certificates represents the actual barrier to market entry. Status entrepreneurs require substantial industry-specific experience, which is one of the few differentiating factors available in their respective markets. Experience itself can be used as a selling point, especially when it comes to references showing experience in dealing with new rules and regulations. Entrepreneurial experience on the other hand is not relevant; as these individuals do not function as entrepreneurs in the classic sense, but rather are concerned with managing themselves and their customer portfolio. Status entrepreneurs are primarily experts in their field, in full accordance with market expectations, thus social competency skills are more of an additional plus. Strategic planning capability is of negligible importance for status entrepreneurs, as they generally offer services for which there is only limited demand and leeway for strategic management, due to regulation. Operational

management competency is likewise irrelevant for status entrepreneurs, who usually work alone, maintaining a shared business office at most, typically managed by a specially-trained individual (senior administrative assistant, practice/office manager, etc.).

Common examples of status entrepreneurs are doctors practising privately or as part of a clinic (physicians, veterinarians, dentists), alternative medical practitioners, independent lawyers, financial trustees and notaries.

4.5 Overview of entrepreneurial types

For easier reference and comparison, the table below provides an overview of the four entrepreneurial types derived using the start-up decision model employed here.

Fig. 3: Overview of four entrepreneurial types

	Traditionalist	Growth entrepreneur	Lifestyle Entrepreneur	Status entrepreneurs
Socio-demographic factors				
Age	>30	>20	>20	>30
Gender	industry-dependent	predominantly male	both	predominantly male
Family background	++	--	0	0
Character traits				
Risk-taking propensity	-	++	+	-
Locus of control	external	internal	both	internal
Need for achievement	+	++	0	+
Need for autonomy	-	--	++	+
Self-efficacy	-	++	-	--
Adaptability	--	++	+	--
Human capital resources				
Education	0	-	+	++
Industry-specific experience	++	--	0	++
Entrepreneurial experience	-	++	-	--
Social competency	+	0	0	-
Strategic management competency	-	++	+	--
Operational management competency	++	-	0	--
<i>Legend:</i>				
++ highly relevant				
+ relevant				
0 neither highly relevant nor slightly relevant				
- generally irrelevant				
-- totally irrelevant				

5. Conclusion and outlook

Two conclusions may be drawn with regard to entrepreneurial types based on the above analysis on the entrepreneurial decision model:

1. Various factors manifest in varying degrees distinguish different entrepreneurial types, affecting the entrepreneurial decision and the type of business established accordingly.
2. Public and private sector initiatives designed to promote and facilitate entrepreneurship should be adapted to optimally take account of different entrepreneurial types.

In a next step, we conduct empirical studies in order to verify the accuracy of the theoretical model presented here. Conducting a survey of nascent entrepreneurs would be instrumental, involving questions as to their motives for establishing a particular form of entrepreneurial venture. Such an empirical study could serve to validate or invalidate the thesis of whether specific constellations of socio-demographic factors, character traits and human capital resources legitimately constitute types, as is contended.

Should this model be validated by empirical evidence, it could then be investigated how best to apply the corresponding insights to the structuring of entrepreneurship support and training initiatives. Such initiatives could then ideally take sufficient account of the propensity to start a business, entrepreneurial intention and success along the approaches outlined above; entrepreneurial potential is cultivated by promoting awareness of the relevant prerequisites. Role models, for example, have a proven influence on entrepreneurial intentions, reducing uncertainty and positively affecting the perceived desirability and feasibility. Idea generation and creativity training seminars, for example, could be utilised to increase awareness of opportunity recognition in the individual's environment. Another approach could be to design education and training modules around different human capital resources. Differing educational forms require different content, highlighting the need for target group differentiation.

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